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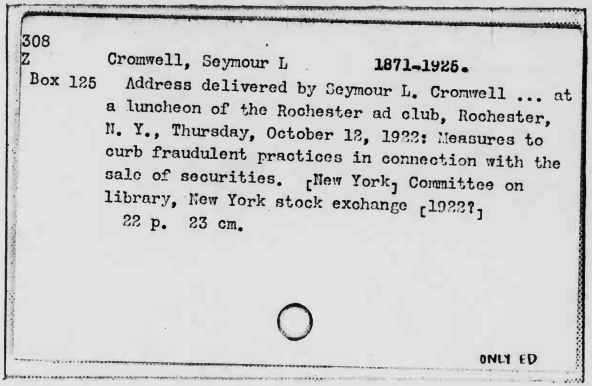
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Cromwell, Seymour L 1871-1925.
Address delivered by Seymour L. Cromwell ... at a luncheon of the Rochester ad club, Rochester, N. Y., Thursday, October 12, 1922: Measures to curb fraudulent practices in connection with the sale of securities. [New York] Committee on library, New York stock exchange [1922?]
22 p. 23 cm.

ONLY ED

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3-24-97 INITIALS: MS.

TRACKING # : 22553

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ADDRESS DELIVERED BY

SEYMOUR L. CROMWELL
PRESIDENT OF THE NEW YORK STOCK EXCHANGE

AT A LUNCHEON OF THE ROCHESTER AD CLUB, ROCHESTER, N. Y., THURSDAY, OCTOBER 12, 1922.

MEASURES TO CURB FRAUDULENT PRACTICES IN CONNECTION WITH THE SALE OF SECURITIES

COMMITTEE ON LIBRARY
NEW YORK STOCK EXCHANGE

AUG 29, 1923 PM.

ADDRESS DELIVERED BY

SEYMOUR L. CROMWELL
PRESIDENT OF THE NEW YORK STOCK EXCHANGE

AT A LUNCHEON OF THE ROCHESTER AD CLUB,
ROCHESTER, N. Y., ON THURSDAY,
OCTOBER 12, 1922.

I have come here today feeling that we have a common purpose. Your Association, like the New York Stock Exchange, has been giving much attention to a very pressing problem. We are both greatly interested in finding the right measures to curb fraudulent practices and abuses in connection with the sale of investment securities.

There are two reasons why the Stock Exchange is interested in having that problem rightly solved. First there is its interest in surrounding the purchase and sale of securities with every protection which can possibly be given to the investor. Secondly, unless the right course is pursued in the application of legal remedies, there may be reactions harmful to the financial markets and therefore to the business of the country. It becomes incumbent upon us to see to it that whatever is done is constructive.

Everyone knows, of course, that the most important financial market is our Exchange in New York City. But apart from the knowledge of its importance very few people have a clear conception of what the New York Stock Exchange really is. Most people simply regard it as a place where securities are bought and sold in larger volume than elsewhere in the United States. Its true relation to our national credit structure is not generally understood.

Visualize for a moment that credit structure as an arch. I am not overestimating the importance of the New York Stock Exchange when I describe it as the Keystone of that arch. The foundation stones are commerce and industry, and upon them is built up the intermediate structure of securities. At the Key point there is the Stock Exchange, which completes and solidifies the arch.

Anything, therefore, which threatens the Keystone menaces the whole structure. That is why we of the Stock Exchange are alert when legislative measures are proposed as remedies for investment abuses. We want to see the swindler suppressed and punished but we also want to make sure that when the arm of the law reaches out for him it does not at the same time jolt the keystone and weaken the credit arch.

That is a pictorial way of describing the importance of the New York Stock Exchange and also its attitude toward the correction of investment abuses. Actually the Stock Exchange is a private association of members which has existed 130 years for the purpose of providing a free market, and the best market, for the purchase and sale of securities.

It is not too much, therefore, to say that the smooth working of all commerce and industry in the United States, today, is dependent upon the operations of the Exchange. It is the market place in which our billions of national wealth represented by Government and private securities can be instantly converted into money. It supplies industry with the means for development and the whole history of our national economic progress is epitomized in its growth.

The foregoing considerations may serve also to impress upon you why the Exchange takes so keen an interest in all proposed laws of a regulatory character affecting transactions in securities.

Its real interest does not lie, as has been wrongly represented, in blocking all legislation of a regulatory character. Its sense of responsibility to the investing public and to the financial world in general impels the Exchange merely to insist that when legislative correctives are sought, they shall not be destructive in character. Nor should they be mere palliatives. They must strike at the root of the trouble.

You have asked me to discuss this question of regulatory legislation. The chief problems with which such legislation has to deal are (1) the bucket shop and its swindling operations and (2) the issue and sale of fraudulent securities. It may appear quite simple to devise legal measures for the elimination of these abuses, but it is only the man who knows nothing about the intricacies of the problem who ventures to say offhand what the sure cure is or may be.

Three remedies have been suggested. First, a fraud law to punish the person who sells fraudulent securities; second, licensing of brokers and dealers; third, the so-called blue sky legislation. The first of these suggestions has already been adopted and we have a fraud law on the statute books today known as the Martin law. The second suggestion, the licensing of brokers, would not be an effective deterrent of fraud. As for the third proposition, the passage of blue sky laws, it springs from what has been done in other states but experience has shown that such laws have not eliminated the evils which they were intended to correct.

Every thinking citizen realizes the necessity for action and the Stock Exchange has worked toward formulating an effective cure for present evils. The Exchange knows from its long and broad experience that you cannot offhand prepare effective legislation and even the best considered legislation be-

comes abortive unless it is rigidly and continuously enforced.

There are laws on the statute books today (the Martin law is one of them) which, if they were enforced continuously and as effectively as they could be enforced, would eliminate many of the present abuses. But some public officials, instead of rigidly undertaking to enforce these laws, befog the issue by proposing new legislation. Evidently it is hoped that other laws can be devised which will automatically suppress fraudulent practices and punish the offenders. But no law works automatically. The way to obtain results from law is by enforcement, more enforcement and again enforcement.

The Martin fraud law of this State has never been enforced and reasons have been alleged why it cannot be enforced. These reasons will be tested this winter. At that time if public officials are sincere in their declared purpose of wanting to clean up the situation they will co-operate in making the Martin law an effective instrument, provide money for its enforcement and set in operation a law which has teeth and which can be made a drastic deterrent to swindlers no matter what cloak they hide under.

The Stock Exchange helped to put that law on the statute books. Members of our Governing Committee and members of the Investment Bankers Association of the State furnished the information and the facts for guidance in its drafting. Their efforts also were largely instrumental in procuring its passage in 1921. They felt and they still feel that the Martin law can be made most effective in the suppression of financial fraud in the State of New York.

The Investment Bankers Association utilized all their power to see that the law was enforced, but no appropriation was made for that purpose by the

State Legislature, and the Attorney General even claimed that the law was too drastic.

The Attorney General, of course, cannot work without funds and his hands were tied when the Legislature did not see fit to make the necessary appropriations. The law may be amended this year, but no amendment and no substitute bill will be of any use unless real enforcement is undertaken.

Dr. Joseph Redlich, former Minister of Finance of Austria, one of the great economists and financial experts of the world, said to me the other day: "The State should use its legislative powers to cure financial evils, but should take care that its legislative surgeon does not cut into the nerve center, and produce paralysis."

That statement is an obvious truth. The equally obvious deduction is that our legislative surgeons must know not merely the patient's symptoms, but must have a clear diagnosis and understanding of the disease and must exercise skill in using the scalpel.

The New York Stock Exchange does not hesitate to oppose legislation which it knows, from experience, would not be a cure but which would be positively dangerous. The Exchange has been criticized for opposing legislation proposed from time to time, but the Exchange's position has been fundamentally sound. The reason for its opposition was its knowledge of the insufficiency, or the danger of the measures proposed. During the past eight months it has given the most intensive study to this whole question of regulatory legislation, blue sky laws, licensing, examination of books and bucket shops, and it has secured evidence and testimony from almost every state in the union. It has made a new and exhaustive study of the stock exchanges and the investment conditions in other countries. This has been done not with a

view to sustaining preconceived ideas covering legislation, but for the purpose of securing actual definite information which might guide us in securing the proper remedial measures.

As you know, the New York Stock Exchange opposed the Duggan-Betts bill introduced last year. Let me tell you why we opposed it. The Exchange had definite reasons for that opposition. The New York money market is looked to for the capital necessary to develop our national resources and our industries and also for investment capital. The State has become one of the great financial centers and clearing houses of the world. Capital is sensitive. The investor will not make extensive loans here if the investment is surrounded by burdensome conditions. He will accept more favorable opportunities elsewhere without such burdens and annoyances. Any law which imposes oppressive conditions on those who are asked to invest their capital here tends to drive that capital from the State into other states and countries.

In reality the Duggan-Betts bill would not have interfered materially with the issue of fraudulent securities, but practically it would have hampered the issue of legitimate securities and would have been a serious menace to the financial market. That was the opinion of former Governor Smith's Commission which considered proposed legislation of a similar character and it is also the opinion of the Stock Exchange, whose experience and knowledge is even greater than that of the Commission.

There is always danger in legislation which has not been wisely conceived, or which has not been framed by those who have a definite knowledge of conditions and of the effects of legislative action. Perhaps I cannot illustrate better than by presenting facts bearing on the Katlin bill of last year. The powers which the New York Stock

Exchange possesses which are of greatest public value are those of arbitrary discipline over its members, the power to regulate listings, to control the character of its membership and to insure that its quotations are furnished only to those who will make proper and legal use of them.

No less able critics than the members of the investigating commission appointed by Governor Hughes, in 1909, declared that such powers vested in a properly chosen committee are distinctly advantageous. They upheld the system which gives the Stock Exchange the exercise of the above powers.

That conclusion was reached after a searching investigation. In contrast with that decision of a committee which had spent months in investigation was the Katlin bill. That bill would have destroyed the disciplinary power of the New York Stock Exchange.

The Katlin bill, as originally introduced, was a negative, meaningless bit of proposed legislation until it was amended by the substitution of practically a new measure. It was then rushed through the committee and to third reading without public hearings and with no public understanding of the significance of the bill itself.

The President of the Stock Exchange, upon being advised of that procedure, sent a telegram to State Senators telling them why the bill was dangerous and why it was opposed by the Exchange.

We wanted the State Senate to know exactly what it would be doing if it passed the bill. We wanted the Senate to know that it would be tying the hands of the Exchange and opening the door to widespread practice of even greater abuses than those which were intended to be eliminated.

The fundamental prerogatives of the New York Stock Exchange would have been destroyed by the enactment of the Katlin bill, and a premium would

have been placed on dishonesty. The passage of the bill would have been welcomed by every bucket shop in the country.

The imperative duty of the Exchange, not merely to its members, not merely to the customers of its members, but to investors throughout the country was to bring to the attention of legislators the character of the legislation which they were considering and which they might in ignorance of its effect have permitted to become law.

That is why those telegrams were sent to every member of the Senate, including the man who introduced the bill. Copies were also furnished to the newspapers. There was no secret about what the Exchange did and the arguments were entirely open. The President of the Exchange did not know personally one Senator and I doubt if the forty members of the Governing Board collectively knew five Senators of the State of New York to whom the telegrams were sent.

Nevertheless the comment made was that the Exchange controlled the members of the Senate and that the Senators, to repeat the idiotic expression used at the time, "heard their master's voice." The Senators undoubtedly resented this as much as the Stock Exchange, and had every reason to do so.

I will give you a further illustration of how legislation of that character could have had the most disastrous consequences. You may not understand the dangerous situation which confronted the Stock Exchange in the crisis of 1914. With the outbreak of the war the Exchange found that the financial welfare of the nation was suddenly entrusted to its guardianship. It was through the prompt and energetic action of thirty-six members of the Governing Committee who faced the heaviest of responsibilities on July 31st, 1914, that financial America was saved from the worst panic that ever threatened it.

The Governors of the Exchange met at a quarter of ten, swiftly reviewed the situation, realized the need of quick action and ordered the Exchange to be closed until further notice, and the delivery of securities also to be suspended until further notice. These decisions were reached at four minutes to ten, were immediately flashed on the tickers and announced on the floor before ten o'clock. Grave consequences were prevented by the prompt and determined action of the Governors of the Stock Exchange.

If the Katlin bill had been a law at that time any member of the Board, if he so desired, might have secured a temporary injunction preventing the closing of the Exchange. The Governors might have had to delay action until they could secure the consent of the Superintendent of Banks. You can readily appreciate the disaster which could have resulted had the Stock Exchange been compelled to withhold its action a single day, or even a single hour.

It is the emergency that puts any system to the test, and emergencies, as you well know, come like bolts from a clear sky. Nothing reacts more speedily to sudden significant happenings than the financial market. Freedom of action to meet emergencies is absolutely necessary to the Stock Exchange.

Therefore, when legislation is proposed which threatens to nullify the powers I have described to you, the Stock Exchange will oppose that legislation.

I have talked frankly about the Exchange's reasons for fighting the Katlin bill and the Duggan-Betts bill so that you may fully understand our position against such measures. And I will be just as frank in discussing our attitude

toward other suggested legislation, because the Exchange believes it is acting in the interest of public welfare. On that basis it invites and believes it will receive public support.

Let us examine this proposition to license brokers and dealers in securities. Its advocates seem to think that it is the one panacea for all investment ills. We are opposed to that plan, not because we have any insuperable objection to being licensed as brokers, but because mere licensing will not prevent the perpetration of fraud. On the contrary, it might easily be a means of aiding the swindler. It is comparatively easy for promoters of fake investments to sell their so-called securities today. But imagine how much more readily they could swindle the public if they were operating in virtue of a state license which to all intents and purposes would be a state guarantee both of their own legitimacy and of the merit of their investment offerings. That is the weak side of the licensing plan.

You can't prevent a prospective crook from obtaining a license. You may perhaps do so in the case of an old offender in the fake securities game. Otherwise the decision to grant or withhold a license must be reached in most cases upon the applicant's references.

The reliance to be placed upon references needs very little discussion. For example, a certain house in Wall Street had Stock Exchange ticker service. When it received it, the firm was doing a legitimate business. Subsequently the firm changed in personnel and the lure of big money caused the house to become a bucket shop. The Stock Exchange almost immediately discerned this change and began its investigation, looking to the securing of actual evidence. This was not easy, but ultimately such evidence was obtained and the tickers were removed.

What happened thereafter is a matter of record, available to any public official who may want to be convinced as to whether references are sufficient warrant for licensing. The head of this particular house demanded a restoration of the tickers and he secured the backing of some of the most prominent men in the country. There were State Senators, United States Senators, Justices, banks, insurance presidents, business men, private bankers and an array of the highest type of citizens, all urging that the so-called injury to this good man be rectified. Three months later the firm failed and there was revealed one of the worst cases of bucketing on record. Today criminal action is proceeding against the members of the firm. But it is safe to presume that, on the strength of the endorsements that firm had, no public official in the State of New York would have hesitated five minutes in granting those men licenses to do business as brokers.

Unless the man who applies for a license is a known swindler he can demand and will be entitled to a license. With that certification by the State he acquires good standing with the public. If he is disposed toward fraud, he can all the more readily unload his worthless securities while the going is good, and then get out from under. So you see that licensing is not a protection. Instead it can become in many cases an additional menace to the investor.

The bucket shop problem is scores of years old. The only attempts that have ever been made to really stamp out this swindling were made by the New York Stock Exchange in co-operation with State and Federal authorities. The Exchange has spent money and given its help in this work while others were ignoring it or failing to enforce the law. It is an ever-changing problem, but if it is to be made a permanent problem then we should

adopt licensing in this State because licensing would be the certain way of giving to the bucket shop crook the air of respectability which he now lacks.

But the licensing proposition is only a step toward one of the real objectives of those who advocate it. What they are aiming at is the opening of brokers' books to public examination. Their proposal contemplates that the business carried on by brokers shall be placed under the supervision of the Banking Department or some other department of the State Government. It would provide that the business and the transactions of brokers shall be subjected to the same sort of supervision and periodic inspection required in the case of banks and insurance companies.

It is true that the Federal Government has the power to examine books in connection with income tax returns. There is a very great difference, however, between the proposed State examination of brokers' books and that exercised by the Federal Government. In the latter case several months elapse, at least, after the filing of returns before the examination of books is proposed by Federal authorities. Sometimes two years may elapse.

In any event the Federal examination is made of accounts that have been closed. It is not an examination of current dealings and transactions. That is an important distinction between the Federal inspection and the proposed State examination. No one objects to post mortem examinations, but few persons, if any, would care to have the rightful cloak of privacy removed from their current confidential operations in securities. Such intrusion upon legitimate secrecy could upset many important transactions and cause much disturbance to business.

The State examination is urged as a preventive of bucketing. It is unnecessary because we al-

ready have in the Martin law what can be made a really effective means of suppressing the bucket shops. Under that law the Attorney General is empowered to take action on mere suspicion of fraudulent operations. He can investigate the business of a suspected firm and can institute proceedings if evidence of bucketing is uncovered. The Martin law permits him to go the limit and, as I have already pointed out, it is the very best weapon yet devised to fight the bucket shops. Piling new legislation on top of that law would be a work of supererogation. Placing brokerage firms under periodic State inspection would, I believe, be extremely distasteful to the investing public, as well as inimical to the investor's transactions.

The Martin law can be made to accomplish all that could be expected from such examination in the way of suppressing bucket shops. That law can produce results at far less expense to the taxpayer than the cost of maintaining an extensive and expensive inspection force. Therefore, I contend that periodic State examination would be a superimposed and an unnecessary duty.

Law and still more law, instead of enforcement of existing law, appears to be the program today. There is a fad in laws just as there is a fad in clothes. The Blue Sky law is a piece of legislative tailoring that appeals to many public officials and is pronounced by them to be a first class fit for present problems. But is it really a fit?

The ordinary type of blue sky law does not directly concern the Stock Exchange. Nevertheless, in most of the blue sky laws there are certain requirements which have an interest for the Exchange. I am prepared to state without qualification that in our investigation of existing blue sky laws we have found nothing to warrant our approval of a blue sky law for the State of New York.

We have found, and you can substantiate it through any investigation of your own, that more than 90 per cent. of the activities of the various blue sky commissions throughout the Union are directed toward winding and unwinding red tape. This means that under the requirements of blue sky laws only a very small percentage of time and little effort can be devoted to the actual prosecution of fraud and the suppression of fraudulent promotions.

In those states where blue sky laws operate, the swindler pretends ignorance of the law, fails to make any application for registration or qualification, but goes into the State, sells what securities he can and gets out, leaving behind him worthless papers. The Blue Sky Commissions in many States catch issues that are on the border line and prevent their utterance. But the out and out swindler is very seldom interfered with through the direct action of blue sky laws. One trouble is that these laws are so complicated that the necessary work in connection with legitimate securities is overwhelming.

They also impose requirements which are extremely burdensome to honest dealers in securities. But the expense and the exacting requirements do not keep out the fake security. There is positive evidence to that effect. A list of fraudulent promotions in various states was compiled recently by the World's Work Magazine. No fewer than 1086 fake promotions were found to be going on and no doubt that is only part of the whole number of such swindles extant. The fake securities were being offered to the public largely in the States in which blue sky laws are supposed to protect the investor. And the surprising thing is that the information concerning the existence of these swindles was not in possession of the Blue Sky Commissions. In only two cases out of the 1086

reported by the World's Work was information obtainable from a Commission, and that in one State alone.

If the blue sky laws were effective, could these 1086 fraudulent promotions have continued in existence, to be driven out or exposed only by magazine writers or the Better Business Bureaus and Vigilance Leagues of these States? I am not criticizing the Blue Sky Commissions, but I believe that the laws in many of the States are so worded as to compel the Commission really to give attention unnecessarily to legitimate issues and legitimate dealers. The law thereby prevents proper time and attention being given to the crook and the swindler.

Some of the worst swindlers in the country were licensed in blue sky states. Let me cite particularly the case of Pandolfo, who promted the Pan Motors Company. This man secured a license in the State of Minnesota and the license was not revoked for nearly twelve months. He obtained licenses in several other blue sky states and sold nine million five hundred thousand dollars of fraudulent securities to seventy-four thousand individuals. Through the efforts of the Vigilance Committee of the Associated Advertising Clubs he was finally laid by the heels and sentenced by Judge Landis in Chicago to ten years in jail. His conviction was recently affirmed by the District Court of Appeals. Minnesota has a blue sky law and it has good officials. But the success of the Pan Motors swindle there merely emphasizes the fact that the blue sky law is no hindrance to the shrewd or slick swindler and promoter.

The blue sky law works much on the principle of requiring investment dealers to appear periodically before public officials and certify as to the honest purpose of their activities. It is obvious that the prospective crook will always make his

certification of proposed good behavior no matter what his real intent may be. Therefore, that supposed protection is no protection at all.

To sum up our findings with regard to blue sky laws: They accomplish a certain amount of good, but they create endless red tape, and they are easily evaded. The inquisitorial processes impose a very heavy burden on the legitimate dealer; the crook never attempts to observe the law; there is usually the introduction of politics and political influence through pull exercised on behalf of the shady promoter (and on this I could enlarge very much), and the laws protect the public hardly at all. Licensing under the blue sky laws is very often only another means of misrepresentation open to the crook, and the sufferers are the legitimate dealers and the public.

The ordinary blue sky law is physically impossible of operation in the State of New York if the red tape requirements as in other States are to be included. Imagine what would happen in New York where the applications for qualification would amount to more than one hundred a day. No Commission, unless it had an enormous staff of experts, could possibly keep up with the work. It would have to do as is done in most blue sky states, grant qualifications after the most cursory investigation.

After all, the upholding of high business standards really rests with security houses. It is their co-operation which makes the machinery move. Today in many of the States the machinery is so cumbersome that short cuts are winked at by the officials because they know that a detailed enforcement of the law is impossible. And that further reduces the minimum of protection which the law affords to the investor.

No good result can be accomplished by legislation if it only serves to harrass Stock Exchanges

and reputable brokers. The ill effects will not stop there. These Exchanges and these brokers are necessary machinery in our economic system. Our industrial progress is very largely dependent upon their proper functioning. If through the adoption and enforcement of unwise legislation you interfere with their legitimate operations, that will react unfavorably upon our industrial development and eventually upon the wage earners of the country.

I am giving you opinions based on a really intensive study. I am certain that legislation can be enforced which will bring about a material improvement in the situation and which, even if it does not eliminate all fraud, will put the fear of God into the hearts of fraudulent promoters. I believe that we must rely to a considerable extent upon certain and speedy punishment rather than upon preventive measures in our endeavors to root out the swindler. Few laws have ever prevented crime but where there is a certainty of punishment there is a deterrent that is always effective. A mere prohibition without penalty avails very little.

Putting swindlers in jail for what they have done will give far more protection to the public than a hundred laws warning criminals of what they may not do. We have the law to put them in jail. Let us see that it is enforced.

I have thus far confined my remarks chiefly to the attitude of the Stock Exchange in opposition to new remedial legislation. But you are not to assume that the Exchange is opposed to any or all attempts at solving these problems by process of law.

Our position is simply this:

If we are to have new legislation, let us make sure that the new laws really get down to the root of the evil. We already have punitive laws. Let us find additional ways of making such laws ap-

plicable to offenders and of making their enforcement more easy.

A simple way of getting right down to the bottom of our problem would be the passage of a law requiring full publicity in connection with the issuance of securities and the status of the issuing companies. That is in line with the English practice.

Require that sworn statements be filed prior to the issuance of securities and semi-annually thereafter, and that the statements give adequate information concerning the flotation and the financial position of the issuing companies or parties, and also concerning their operations and earnings. That would strike a vital blow at the fake promotion because you would get the jump on it from the start.

Officials of companies whose securities are offered for sale would immediately lay themselves open to punishment and could be easily reached by the present laws if they furnished doctored information to bolster up a swindling promotion. Let us pin the responsibility where it belongs, on the people who furnish the background for the dealer in fake securities, and we will soon make it impossible for such dealers to operate.

That kind of legislation the Stock Exchange will support; something that is simple, direct, easily enforceable and that will really give protection to the public.

I venture to hope that any legislation which may be proposed in the New York Legislature this winter will be based on a full understanding of the situation, and will give the necesary funds and power to State officials to clean out the bucket shops, punish those who are behind them and expose their ramifications and their power.

The Stock Exchange will co-operate with the State authorities and will furnish information and

suggestions which we hope will permit of constructive and effective legislation.

Presumably while the New York Stock Exchange is thus co-operating with legislators it will have to fight for its own existence. It may face the criticism of men, who have not the faintest understanding of the very important problem with which they are meddling. I say meddling advisedly because many of those who are thus active and who are most critical of the New York Stock Exchange have never sought its advice or its help. Yet they have not hesitated to make misrepresentations of the gravest sort.

There is one grave injustice which is either consciously or unconsciously being done toward the Exchange by certain public officials. During the epidemic of failures in the early part of this year the public was led to believe that those who failed were brokers connected with the New York Stock Exchange. We did have four or five failures of Exchange houses, but the other eighty-six or more failures were of individuals who were not brokers in reality and who were operating without Exchange connection, or were operating with connections with smaller exchanges having nothing whatever to do with the New York Stock Exchange. That should be made clear to everyone in justice to the Exchange.

Your association can be of great service in procuring the passage and enforcement of necessary legislation. Let me urge you to take the initiative in bringing about State-wide co-operation between the New York Stock Exchange, Chambers of Commerce, Advertising Clubs, and Farmers' Associations. Let us align all those who are working for the greater protection of investors, for the elimination of the swindler and the political opportunist who affiliates with swindlers and frauds. In co-operation we shall be able to work

out such measures as will make present legislation more effective and give the greatest protection to everyone.

But let us see to it that the legal remedies applied leave the great security market of the country free and unfettered. The life of the market is its freedom from unwarranted delays and unnecessary restraints.

In seeking to maintain that freedom the New York Stock Exchange has nothing but the best interests of the public in view.

The Exchange desires only that real results be achieved in disposing of these public problems. We are not after glory or applause. The credit for accomplishing results may go where it will, provided that something effective is done.

I can assure you that the experience and knowledge of the Exchange is always at your disposal and at the disposal of the State to unmask the swindler, drive him out of business, and to suppress any and every fraudulent promotion wherever it may be practiced. In so doing we shall make the operations of our Exchange more responsive to the proper demands of commerce, and the Exchange a more effective instrument in promoting the welfare of all the people.

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